



7. SURPLUS PROPERTY – QUARTERLY REPORT

Officer responsible Property Manager	Author Property Projects Officer, Steve McCarroll
Corporate Plan Output: Sale of Surplus Property	

The purpose of this report is to update the Committee with regard to progress on the sale of surplus property.

BACKGROUND

The Committee may recall that in October 1999 a report was presented to review the surplus property budget for the 1998/1999 and 1999/2000 financial years.

As mentioned in that report, the Surplus Property Disposal Programme had been developed from a review of holdings undertaken in the early 1990's. A number of properties had been sold, those that remained containing a number of complexities and challenges. Dealing with those issues and the property market downturn had not been adequately anticipated, hence the need for the review at that time.

To create some accountability and be "SMART" (Specific, Measurable, Achieved, Realistic, Timely) in our attendance to the Annual Plan Surplus Property Objectives we reported a review in October 1999 and developed a time line for each property with milestones attached to the steps in the "Property Decision Making Flow Chart".

CURRENT STATUS

A progress update on these earlier reported properties is as follows:

Owles Terrace

The time line for this property suggested that the status report and circularisation procedure would be undertaken by mid-April 2000. A working party established to deal with issues arising from the possible disposal of this property, has concluded that consultation is required with the various user groups and occupiers. This complication has delayed the proposed time line. An updated time line will be produced as part of the next quarterly report.

Huntsbury Spur

The time line for this property suggested sale and settlement of the outstanding sites in April 2000. Two sites remain unsold in this subdivision with the current market situation being the prime reason for this. The sites are continuing to be marketed in the hope that a sale will eventuate shortly.

Ferrymead Land

The issues associated with this land are on target with an options report to be brought to the May or June round of Committee meetings.

Kennedys Bush Road

The Property Decision Making Flow Chart steps are progressing as planned.

Tuam Street Car Park

The time line for this property indicates that the status report and circularisation procedure will occur in July/August of this year.

Wilmers Road

The Property Decision Making Flow Chart steps are progressing as planned.

Hazeldean Road

An agreement has been reached for the sale of this property to the tenant for \$96000 with settlement to occur in April 2000.

Sockburn Service Centre

The Property Decision Making Flow Chart steps are progressing as planned.

Former New Brighton Library

This property has recently been tendered with the tenders closing on 24 March 2000. Unfortunately no tenders were received and this property is now being actively marketed both from the Council's internal resources and by outside agencies. A number of enquiries were made as a result of the tender process and these are currently being followed up on at this time.

The prospects for achieving a satisfactory sale of this property are not good. We believe the contributing factors to be a soft property market, the fact that this building is vacant and a genuine concern in the market place about the high risks perceived to be associated with a new venture in the New Brighton area. The Property Unit is aware of other instances of landlords having to offer significant rent free periods to induce tenants to occupy vacant space. Despite the current situation in regard to the market we are hopeful of concluding a sale of this property in the next 2-3 months.

Clearbrook Street

The processing of this property is slightly behind programme. The circularisation procedure has almost been completed and it is anticipated we will have a report to the May round of meetings.

105 Philpotts Road

The time line associated with this property indicated a possible options report to the Council in February 2000. There are a number of issues associated with the possible disposal of this property, the prime matter being its predominantly rural zoning. We are currently considering the highest and best use of this property to maximise value which may involve an application for a zoning variation to the City Plan.

Stagshead Inn

The Property Decision Making Flowchart steps are progressing as planned.

Woodham Road

This property is on the market by public tender closing on Wednesday, 12 April 2000. A tender review report will be presented at the May or June committee meeting depending on offers received.

SUMMARY

Generally disposal is proceeding according to programme. Variations have occurred because of :

- complications in dealing with issues associated with some properties.
- the market has experienced a significant softening across the board with no short term prognosis for improvement.
- inferior properties have been more significantly hit attracting little or no interest.

Chairman's

Recommendation: That the information be received.